

**REBUTTAL TESTIMONY**

**of**

**Mike Luth**

**Rate Analyst**

Rates Department  
Financial Analysis Division  
Illinois Commerce Commission

**Consumers Illinois Water Company**

**Docket No. 03-0403**

**November 17, 2003**

Witness Identification

1 Q. Please state your name and business address.

2 A. Mike Luth, Illinois Commerce Commission, 527 East Capitol Avenue,  
3 Springfield, Illinois 62701.

4 Q. Are you the same Mike Luth who filed testimony in this docket, which was  
5 identified as ICC Staff Exhibit 4.0 with accompanying schedules?

6 A. Yes, I am.

Introduction to Testimony

7 Q. What is the subject matter of this testimony?

8 A. In this phase of the docket I am submitting Exhibit 10.0 and accompanying  
9 schedules which present the water service rates for the Consumers Illinois  
10 Water Company ("Consumers" or the "Company") Kankakee Water Division.  
11 The rates are developed from the revenue requirement shown in Staff witness  
12 Bryan Sant's Exhibit 7.0, Schedule 7.01. I will also reply to Consumers'  
13 witness Jack Schreyer's comments in his rebuttal testimony (CIWC Exhibit No.  
14 R-2.0, pages 18 through 20) about the cost of service study and rate design  
15 that I pre-filed in direct testimony.

Rate Design

16 Q. Please describe ICC Staff Exhibit 10.1.

17 A. ICC Staff Exhibit 10.1 is an update of ICC Staff Exhibit 4.1 that was included in  
18 my direct testimony. As in ICC Staff Exhibit 4.1 of my direct testimony, the cost  
19 of service studies and rates presented in ICC Staff Exhibit 10.1 begin with  
20 plant-in-service balances and revenue requirements provided by the Company  
21 in its reply to Staff data request ML-1. The effect upon the cost of service study  
22 from Staff adjustments to revenue requirement are shown on pages 8 and 9.

23 Q. Do you agree with Mr. Schreyer's suggestion to increase all rates, which  
24 include the fixed monthly customer charge as well as each of the three usage  
25 blocks, by the same percentage (CIWC Exhibit No. R-2.0, pages 18 and 19),  
26 rather than increasing rates according to the cost of service study that you  
27 recommended in direct testimony?

28 A. No, I do not agree with Mr. Schreyer's proposal to increase all rates by an  
29 across-the-board percentage and therefore ignore the cost of service study.  
30 Mr. Schreyer indicates that he thinks the cost of service study that I prepared is  
31 flawed based upon his comparison with the Staff cost of service study in the  
32 last Kankakee Water Division rate increase, Docket No. 00-0337 (Id., pages  
33 18 and 19). Mr. Schreyer also stated that even if the cost of service study that I  
34 prepared is correct, the amount of the increase that would be charged to large  
35 water users is more than should be made in one docket and should be made  
36 gradually (Id., page 19).

37 Q. Have you found any flaws in the cost of service study that you prepared for  
38 direct testimony?

39 A. No, I have not. A review of cost of service and revenues paid by class in my  
40 cost of service study and rate design indicates that industrial customers will not  
41 be paying a greater share of revenues than in Docket No. 00-0337, and would  
42 actually be lower. Under my cost of service study, industrial customers are  
43 responsible for approximately 13.84 percent of cost of service, compared to  
44 14.22 percent in Docket No. 00-0337. Under my rate design, industrial  
45 customers would pay approximately 13.53 percent of total revenues compared  
46 to 14.1 percent of total revenues in Docket No. 00-0337. Cost of service and  
47 revenues for industrial customers in my cost of service study are not, therefore,  
48 significantly different from Docket No. 00-0337, which is consistent with a  
49 30.89 percentage of usage by industrial customers in this docket compared to  
50 32.69 percent in Docket No. 00-0337. It therefore appears that there are no  
51 significant flaws in the cost of service study that I prepared.

52 Q. What is the increase that you are proposing per unit of water in the first and  
53 third usage billing blocks?

54 A. I am proposing a first block rate of \$2.1816 per hundred cubic feet (CCF) of  
55 water, up from the current first block rate of \$1.75 per CCF. That would be an  
56 increase of more than 41 cents per CCF in the first block rate, which is where  
57 nearly 94 percent of residential usage is billed. I am proposing an increase in  
58 the third block to \$1.1280 per CCF, up from the current third block rate of 83.2

59 cents per CCF. That would be an increase of slightly less than 30 cents per  
60 CCF in the third block, which is where nearly 89 percent of industrial usage is  
61 billed. On a per-CCF basis, therefore, the increase in the third block usage  
62 rate under my proposed rates in direct testimony would be less than the  
63 increase in the first block rate, at approximately 70 percent of the first block  
64 increase. On a percentage basis, the third block increase would be higher  
65 than the first block at 35.6 percent to 24.7 percent because the current third  
66 block is much less than the first block rate, but on a per-CCF basis, the third  
67 block increase is much less than the first block increase.

68 Q. How much per CCF would the residential and industrial customer classes pay  
69 under your proposed rates?

70 A. Total metered revenues per CCF, which includes customer charge and usage  
71 charge revenues, is \$2.5939 per CCF (\$11,704,181 divided by 4,512,197  
72 CCF), assuming Staff's revenue requirement. Residential total metered  
73 revenues would be \$3.7567 per CCF (\$7,620,162 divided by 2,028,441  
74 CCF). Industrial total metered revenues would be \$1.2495 per CCF  
75 (\$1,741,387 divided by 1,393,632 CCF). While industrial customers might  
76 shoulder more of the increase on a percentage basis under my proposed rate  
77 design, residential customers would shoulder the system cost of service at an  
78 average rate that is three times the average rate that industrial customers  
79 would pay (\$3.7567 per CCF residential divided by \$1.2495 per CCF

80 industrial). Industrial customers would not, therefore, pay more for water than  
81 residential customers under my proposed rate design, but considerably less.

82 Q. Have you prepared a comparison of bills based upon the Company's  
83 proposed rates and your proposed rates?

84 A. Yes, I have. ICC Staff Exhibit 10.2 is an update to ICC Staff Exhibit 4.2 that I  
85 included with my pre-filed direct testimony. ICC Staff Exhibit 10.2 compares  
86 the amounts that would be paid under the Company's proposed rates,  
87 assuming the Company's proposed revenue requirement, and the amounts  
88 that would be paid under my proposed rates, assuming Staff's proposed  
89 revenue requirement, at various levels of usage by residential customers. ICC  
90 Staff Exhibit 10.2 also includes a comparison of industrial bills at 75 percent of  
91 average monthly usage per meter, average monthly usage per meter, and  
92 twice the average industrial usage per meter.

#### Alternative Rates

93 Q. If the Commission decides that industrial customers should not pay full cost of  
94 service as determined in your cost of service study, do you have an alternative  
95 proposal for rate design?

96 A. If the Commission decides that my proposed rate design requires too much of  
97 an increase from industrial and other large-use customers, I suggest the  
98 setting of each usage block rate at the Company-proposed level, assuming  
99 that the Commission's revenue requirement is less than the amount that the

100 Company is requesting, provided the Commission's revenue requirement is  
101 equal to or greater than Staff's recommended revenue requirement. If the  
102 Commission's revenue requirement is less than Staff's, then any difference  
103 should be credited to revenues recovered in the first usage block, down to 100  
104 percent revenue recovery from residential customers.

105 In addition, customer charges for meters 4 inches in diameter or more would  
106 be increased above cost of service in order to allow the Company an  
107 opportunity to recover its test year revenue requirement. Limiting the customer  
108 charge increase above cost of service to meters 4 inches in diameter or more  
109 would exclude residential customers from customer charges that are above  
110 cost of service.

111 This alternative would move industrial customers toward cost of service rates,  
112 but would limit the percentage of the increase to less than the amount that the  
113 Company announced in filing its proposed rates in this docket. Residential  
114 customers would be required to pay approximately 101.9 percent of cost of  
115 service, while commercial, industrial, and other public authorities customers  
116 would pay less than cost of service, ranging from 94.7 percent of cost of  
117 service for industrial customers to 97.7 percent for commercial customers.  
118 Regardless of the revenue requirement in the Commission's Order in this  
119 docket, the first usage block rate should not exceed the Company's proposed  
120 rate.

121 Q. Have you prepared schedules detailing your alternative rates and revenue  
122 recovery?

123 A. Yes, I have. ICC Staff Exhibit 10.3 is an alternative to ICC Staff Exhibit 10.1  
124 and is based upon the alternative rates that I discussed. ICC Staff Exhibit 10.4  
125 is an alternative to ICC Staff Exhibit 10.2 and shows representative bills to  
126 residential and industrial customers based upon the alternative rates that I  
127 discussed.

128 Q. Does this conclude your rebuttal testimony?

129 A. Yes, it does.



**ILLINOIS COMMERCE COMMISSION**  
**Cost of Service Study**  
**"Revenues at Present and Proposed Rates"**

[illegible]

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Revenues at Present and Proposed Rates"

ITEM		RESIDENTIAL		COMMERCIAL		INDUSTRIAL		PUBLIC AUTHORITIES										TOTAL
		BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	
USAGE CHARGE REVENUES	Present	3,464,491	0	1,214,678	0	1,196,590	0	73,151	0	0	0	0	0	0	0	0	0	5,948,910
	Proposed	4,487,992	0	1,573,468	0	1,549,918	0	94,751	0	0	0	0	0	0	0	0	0	7,706,129
	Staff	4,340,325	0	1,626,063	0	1,641,485	0	100,499	0	0	0	0	0	0	0	0	0	7,708,371
OTHER ADJUSTMENTS Reconciliation	Present	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Proposed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL METERED REVENUES	Present	6,262,892	0	1,754,117	0	1,288,582	0	86,327	0	0	0	0	0	0	0	0	0	9,391,917
	Proposed	8,112,633	0	2,272,202	0	1,669,085	0	111,820	0	0	0	0	0	0	0	0	0	12,165,741
	Staff	7,620,162	0	2,227,908	0	1,741,387	0	114,724	0	0	0	0	0	0	0	0	0	11,704,181
PVT. FIRE PROT RATES, MONTHLY										PRIVATE								
Size Connection	Less than 3"	3"	4"	6"	8"	10"	12"	16"		HYDRANTS								
Present	6.00	7.00	10.00	19.00	36.00	61.00	95.00	198.00		15.80								
Proposed	7.78	9.08	12.97	24.64	46.68	79.10	123.19	256.76		20.49								
Per Cost of Service Study	6.00	8.00	11.00	24.00	45.00	78.00	122.00	255.00		14.30								
Staff	6.00	8.00	11.00	24.00	45.00	78.00	122.00	255.00		14.30								
Units (ANNUAL)	12	0	16	64	72	8	4	0		5								
NON-METERED REVENUES		PVT. FIRE		PUBLIC FIRE			OTHER		VARIABLE		TOTAL							
				MUNICIPAL	SURCHARGE	TOTAL	OPERATING		REVENUES		NON-METERED							
Present		4,987		0	754,621	754,621	83,172		38,570		881,350							
Proposed		6,467		0	1,031,683	1,031,683	83,172		38,570		1,159,892							
Staff		6,207		0	878,602	878,602	235,576		47,831		1,168,217							
TOTAL REVENUES		RESIDENTIAL	COMMERCIAL	INDUSTRIAL		PUB. AUTH.									NON-METERED		TOTAL	
Present		6,262,892	1,754,117	1,288,582		86,327		0		0		0		0		881,350	10,273,267	
Proposed		8,112,633	2,272,202	1,669,085		111,820		0		0		0		0		1,159,892	13,325,633	
Staff		7,620,162	2,227,908	1,741,387		114,724		0		0		0		0		1,168,217	12,872,397	
PER STAFF		RESIDENTIAL	COMMERCIAL	INDUSTRIAL		PUB. AUTH.									PUB. FIRE		PVT FIRE	
Cost of Service		7,619,980	2,227,701	1,742,578		112,945		0		0		0		0		879,597	6,213	
Percent Increase		21.7	27.0	35.1		32.9		0.0		0.0		0.0		0.0		16.4	24.5	
Percent Cost of Service		100.0	100.0	99.9		101.6		0.0		0.0		0.0		0.0		99.9	99.9	

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Demand Factors"

DEMAND FACTORS			
Customer Class:	Max Day	Max Hour	
Residential	2.50	3.00	(1)
Commercial	1.80	2.50	(1)
Industrial	1.30	1.50	(1)
Other Public Authorities	1.40	1.60	(1)

Fire Protection	0.63	5.04	
Gallons Per Minute	3,500		(1)
Hours of Protection	3		(1)

MGD PUMPAGE			
Average Daily Rate		12.697	(2)
Max. Daily Rate		17.394	(2)
Max. Hourly Pumpage Rate		20.736	(2)
Max. Hourly Consumption Rate		20.493	(2)
(Pumpage plus Storage Drawdown)			

- (1) Source: Docket No. 00-0337, ICC Staff Exhibit 4.00, Schedule 4.02 K  
(2) Source: Consumers Illinois Water Company reply to Staff data request ML-3

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Allocation to Cost Functions"

Description	Alloc. Code	Base Cost Percent	____ Extra Capacity ____		____ Customer Costs ____			Fire Service Percent
			Max Day Percent	Max Hour Percent	Billing Percent	Meter Percent	Services Percent	
Base Cost	1	100.00%						
Base-Max Day	2	73.00%	27.00%					
Base-Max Hr.	3	61.96%		38.04%				
Max Hour	4			100.00%				
Commercial	5				100.00%			
Meters	6					100.00%		
Services	7						100.00%	
Hydrants	8							100.00%
Plant	9	44.41%	16.43%	14.83%	0.00%	5.05%	15.91%	3.37%
Adm. and Gen.	10	40.42%	14.95%	6.34%	27.44%	2.25%	7.10%	1.50%
Labor B'fits	11	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Base/Max Day/ Max Hour	12	61.96%	22.92%	15.12%				

Refer to last page for brief allocation code explanations

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Plant in Service Allocation"

Act. No.	Account	Utility Cost (B-4)	Depreciation Reserve (B-2.1)	Net Cost	Base Cost	Extra Capacity		Customer Costs			Fire Service	Alloc. Code
						Max Day	Max Hour	Billing	Meter	Services		
	INTANGIBLE PLANT	63,465										
301	Organization	50,859	0	50,859	50,859							1
302	Franchises	12,606	0	12,606	12,606							1
339	Miscellaneous	0	0	0	0							1
	SOURCE OF SUPPLY PLANT	294,534										
303	Land and land rights	125,862	0	125,862	91,875	33,987	0	0	0	0	0	13
304	Structures and improvements	0	0	0	0	0	0	0	0	0	0	13
305	Collecting reservoirs	0	0	0	0							1
306	Intakes	94,175	51,377	42,798	31,241	11,557						2
307	Wells	29,096	(29,222)	58,318	42,570	15,748						2
308	Infiltration Galleries	0		0	0	0						2
309	Supply mains	45,401	3,003	42,398	30,949	11,449						2
339	Other plant	0	0	0	0	0						2
	PUMPING PLANT	2,405,721										
303	Land and land rights	17,320	0	17,320	10,731	3,970	2,619	0	0	0	0	13
304	Structures and improvements	534,798	253,819	280,979	174,091	64,402	42,486	0	0	0	0	13
310	Power Generation Equip.	436,670	75,980	360,690	223,479	82,672	54,539					12
310	Other power production	0	0	0	0	0	0					12
311	Steam pumping	0	0	0	0	0	0					12
311	Electrical Pumping	1,416,933	101,452	1,315,481	815,057	301,514	198,911					12
311	Diesel Pumping	0	0	0	0	0	0					12
339	OtherPlant & Misc. Equip.	0	0	0	0	0	0					12
	WATER TREATMENT PLANT	9,088,203										
303	Land and land rights	487,920	0	487,920	356,164	131,756	0	0	0	0	0	13
304	Structures and improvements	4,461,702	905,539	3,556,163	2,595,872	960,291	0	0	0	0	0	13
320	Water treatment	4,138,581	668,848	3,469,733	2,532,781	936,952						2
339	OtherPlant & Misc. Equip.	0	0	0	0	0						2
	TRANSMISSION/DISTRIBUTION	53,426,446										
303	Land and land rights	39,161	0	39,161	14,799	5,475	6,967	0	2,473	7,796	1,652	13
304	Structures and improvements	152,171	11,516	140,655	53,153	19,663	25,024	0	8,882	28,000	5,932	13
330	Dist. reservoirs and standpipes	4,025,511	713,252	3,312,259			3,312,259					4
331	Mains	31,725,930	8,148,612	23,577,318	14,608,230	5,404,021	3,565,066					12
333	Services	10,793,936	3,098,558	7,695,378						7,695,378		7
334	Meters	2,836,660	950,304	1,886,356					1,886,356			6
334	Meter installations	1,289,439	734,662	554,777					554,777			6
335	Hydrants	2,529,882	899,545	1,630,337							1,630,337	8
336	Backflow Prevention Devices	0	0	0						0		7
339	OtherPlant & Misc. Equip.	33,756	4,508	29,248	11,053	4,089	5,203	0	1,847	5,822	1,234	13

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Plant in Service Allocation"

Act. No.	Account	Utility Cost (B-4)	Depreciation Reserve (B-2.1)	Net Cost	Base Cost	Extra Capacity		Customer Costs			Fire Service	Alloc. Code
						Max Day	Max Hour	Billing	Meter	Services		
	GENERAL PLANT	3,821,031										
303	Land and land rights	237,024	0	237,024	105,255	38,937	35,162	0	11,964	37,716	7,990	9
304	Structures and improvements	1,204,962	442,612	762,350	338,536	125,235	113,092	0	38,481	121,306	25,700	9
340	Office furniture (includes computers)	738,460	(206,604)	945,064	419,674	155,250	140,197	0	47,704	150,380	31,859	9
341	Transportation	636,162	275,602	360,560	160,114	59,231	53,488	0	18,200	57,373	12,155	9
342	Stores	866	11,366	(10,500)	(4,663)	(1,725)	(1,558)	0	(530)	(1,671)	(354)	9
343	Tools, Shop, and Garage Equipment	386,699	59,718	326,981	145,202	53,715	48,506	0	16,505	52,030	11,023	9
344	Laboratory Equipment	94,494	18,956	75,538	33,544	12,409	11,206	0	3,813	12,020	2,546	9
345	Power operated Equipment	229,473	52,167	177,306	78,736	29,127	26,303	0	8,950	28,213	5,977	9
346	Communications	284,206	150,989	133,217	59,158	21,884	19,762	0	6,724	21,198	4,491	9
347	Miscellaneous	8,685	1,660	7,025	3,120	1,154	1,042	0	355	1,118	237	9
348	Other Tangible Plant	(505)	(59)	(446)	(198)	(73)	(66)	0	(23)	(71)	(15)	9
399	RECONCILIATION	0	58	(58)	(26)	(10)	(9)	0	(3)	(9)	(2)	9
	TOTAL PLANT IN SERVICE	69,098,895	0	51,700,677	22,993,964	8,482,677	7,660,200	0	2,606,475	8,216,599	1,740,762	
	Allocation Code 9	Cross check =		51,700,677	44.41%	16.43%	14.83%	0.00%	5.05%	15.91%	3.37%	
	Calculation			Total	Base Cost	Max Day	Max Hour					
	Small Main Plant in Service		(1)	6,762,082	4,189,707	1,549,898	1,022,477					
	Small Main CIAC		(1)	292,727	181,370	67,094	44,263					
	Total Plant CIAC		(2)	8,930,085	5,532,976	2,046,813	1,350,295					
	Allocated Total Plant less General				21,655,512	7,987,544	7,213,074					
	% Small Main to Allocated Total Plant				19.35%	19.40%	14.18%					
	Small Main with General Plant Allocated				4,448,658	1,645,973	1,085,859					
	Small Main with General Plant Allocated less CIAC				4,267,288	1,578,879	1,041,596					
	Allocated Total Plant less CIAC				17,460,987	6,435,864	6,309,904					
	% Small Main less CIAC to Allocated Total Plant less CIAC				24.44%	24.53%	16.51%					

- (1) Source for Total Small Main Plant in Service and Small Main CIAC: Consumers Illinois Water Company reply to Staff data request ML-2  
(2) Source for Total Plant CIAC: Consumers Illinois Water Company Schedule B-1

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Revenue Requirement Allocation"

Act. No.	Account	ML-1 Utility Cost	Staff Adjust.	Net Cost	Base Cost	Extra Capacity Max Day	Max Hour	Customer Costs Billing	Meter	Services	Fire Service	Alloc. Code
	SOURCE OF SUPPLY	185,971										
601	Salaries and Wages	182,421	0	182,421	133,161	49,260						2
610	Purchased water	0	0	0	0							1
615	Purchased Power	3,550	0	3,550	3,550							1
616	Fuel for Power Prod.	0	0	0	0							1
618	Chemicals	0	0	0	0							1
	SOURCE OF SUPPLY	0										
620	Materials and Supplies	0	0	0	0	0						2
631	Contractual Serv.	0	0	0	0	0						2
635	Contractual Serv. - Testing	0	0	0	0	0						2
636	Contractual Serv. - Other	0	0	0	0	0						2
641	Rental of Property	0	0	0	0	0						2
642	Rental of Equipment	0	0	0	0	0						2
650	Transportation Exp.	0	0	0	0	0						2
658	Insurance	0	0	0	0	0						2
668	Water Res. Conserv. Exp.	0	0	0	0	0						2
675	Misc. Expenses	0	0	0	0	0						2
	PUMPING EXPENSES	237,381										
601	Salaries and Wages	0	0	0	0	0	0					12
615	Purchased Power	237,381	0	237,381	237,381							1
616	Fuel for power production	0	0	0	0							1
620	Materials and Supplies	0	0	0	0	0	0					12
631	Contractual Serv.	0	0	0	0	0	0					12
635	Contractual Serv. - Testing	0	0	0	0	0	0					12
636	Contractual Serv. - Other	0	0	0	0	0	0					12
641	Rental of Property	0	0	0	0	0	0					12
	PUMPING EXPENSES	0										
642	Rental of Equipment	0	0	0	0	0	0					12
650	Transportation Expenses	0	0	0	0	0	0					12
658	Insurance	0	0	0	0	0	0					12
675	Misc. Expenses	0	0	0	0	0	0					12
	WATER TREATMENT EXPENSE	872,850										
601	Salaries and Wages	419,568	0	419,568	306,270	113,298						2
615	Purchased Power	93,945	0	93,945	68,577	25,368						2
616	Fuel for power production	0	0	0	0	0						2
618	Chemicals	322,857	0	322,857	322,857							1
620	Materials and Supplies	191,388	36,480	(705)	35,775	26,115	9,661					2

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Revenue Requirement Allocation"

Act. No.	Account	Utility Cost	Staff Adjust.	Net Cost	Base Cost	Extra Capacity Max Day	Max Hour	Customer Costs			Fire Service	Alloc. Code
								Billing	Meter	Services		
	WATER TREATMENT EXPENSE	515,539										
631	Contractual Serv.	0	0	0	0	0						2
635	Contractual Serv. - Testing	7,175	0	7,175	5,237	1,938						2
636	Contractual Serv. - Other	457,586	0	457,586	334,021	123,565						2
641	Rental of Property	0	0	0	0	0						2
642	Rental of Equipment	5,880	0	5,880	4,292	1,588						2
650	Transportation Exp.		0	0	0	0						2
658	Insurance	0	0	0	0	0						2
675	Misc. Expenses	44,898	0	44,898	32,774	12,124						2
	TRANSMISSION/DISTRIBUTION	1,114,960										
601	Salaries and Wages		0	0	0	0	0	0	0	0	0	13
661	Storage Facilities	1,113,249	95,388	95,388			95,388					4
662	Mains	678,993	(2,160)	676,833	419,358	155,133	102,342					12
663	Meters	70,301	0	70,301					70,301			6
664	Services	221,616	0	221,616						221,616		7
615	Purchased Power	48,662	0	48,662	48,662							1
616	Fuel for Power Prod.	0	0	0	0							1
	TRANSMISSION/DISTRIBUTION	46,951										
618	Chemicals	0	0	0	0							1
620	Materials and Supplies		0	0	0	0	0	0	0	0	0	13
672	Dist. reservoirs and standpipes	0	0	0			0					4
631	Contractual Serv.	0	0	0	0	0	0	0	0	0	0	13
635	Contractual Serv. - Testing	0	0	0	0							1
636	Contractual Serv. - Other	0	0	0	0	0	0	0	0	0	0	13
641	Rental of Property	0	0	0	0	0	0	0	0	0	0	13
677	Hydrants	46,951	0	46,951							46,951	8
642	Rental of Equipment		0	0	0	0	0	0	0	0	0	13
650	Transportation Exp.		0	0	0	0	0					12
658	Insurance	0	0	0	0	0	0					12
675	Misc. Expenses		0	0	0	0	0	0	0	0	0	13
	CUSTOMER ACCOUNTS EXPENSE	674,660										
601	Salaries and Wages	601,988	0	601,988				601,988				5
615	Purchased Power	2,484	0	2,484				2,484				5
616	Fuel for Power Prod.	0	0	0				0				5
670	Bad Debt Expense	43,008	(2,081)	40,927	16,541	6,119	2,593	11,230	922	2,906	616	10
620	Materials and Supplies	27,180	(525)	26,655				26,655				5
	CUSTOMER ACCOUNTS EXPENSE	227,593										
631	Contractual Serv.	0	0	0				0				5
635	Contractual Serv. - Testing	0	0	0				0				5
636	Contractual Serv. - Other	178,626	0	178,626				178,626				5
641	Meter Reading	0	0	0				0				5
642	Rental of Equipment	12,180	0	12,180				12,180				5
650	Transportation Exp.	0	0	0				0				5
658	Insurance	3,392	0	3,392				3,392				5
675	Misc. Expenses	33,395	0	33,395				33,395				5



### "Revenue Requirement Allocation"

Act.	Utility	Staff	Net	Base	Extra Capacity		Customer Costs			Fire	Alloc.	
No.	Account	Cost	Adjust.	Cost	Cost	Max Day	Max Hour	Billing	Meter	Services	Service	Code
ADMINISTRATIVE AND GENERAL		1,875,806										
601	Salaries and Wages-employees	273,631	0	273,631	110,590	40,911	17,338	75,079	6,164	19,432	4,117	10
603	Salaries and Wages-officers	0	0	0	0	0	0	0	0	0	0	10
604	Pensions and benefits *	667,594	0	667,594	269,814	99,812	42,300	183,174	15,039	47,410	10,044	10
631-636	Outside services	529,747	0	529,747	214,102	79,203	33,566	145,352	11,934	37,621	7,970	10
615	Purchased Power	14,160	0	14,160	5,723	2,117	897	3,885	319	1,006	213	10
616	Fuel for Power Prod.	0	0	0	0	0	0	0	0	0	0	10
656-659	Insurance	227,869	0	227,869	92,095	34,069	14,438	62,523	5,133	16,182	3,428	10
641-642	Rents	3,396	0	3,396	1,373	508	215	932	77	241	51	10
650	Transportation Exp.	0	0	0	0	0	0	0	0	0	0	10
620	Materials and Supplies	15,924	(308)	15,616	6,311	2,335	989	4,285	352	1,109	235	10
660	Advertising	18,667	0	18,667	7,544	2,791	1,183	5,122	421	1,326	281	10
666-667	Regulatory Expense	65,917	0	65,917	26,641	9,855	4,177	18,086	1,485	4,681	992	10
675	Misc. Expenses	58,901	0	58,901	23,805	8,806	3,732	16,161	1,327	4,183	886	10
PRO FORMA ADJUSTMENTS												
Labor *	0	(144,692)	(144,692)	(58,478)	(21,633)	(9,168)	(39,700)	(3,260)	(10,276)	(2,177)	10	
Fuel and Power	0	(7,733)	(7,733)	(7,733)							1	
Chemicals	0	(6,238)	(6,238)	(6,238)							1	
Waste Disposal	0	0	0	0	0						2	
Management Fees	0	(139)	(139)	(86)	(32)	(21)					12	
Group Insurance *	0	0	0	0	0	0	0	0	0	0	10	
Pensions *	0	(46,353)	(46,353)	(18,734)	(6,930)	(2,937)	(12,718)	(1,044)	(3,292)	(697)	10	
Regulatory Expenses	0	(10,109)	(10,109)	(4,086)	(1,511)	(641)	(2,774)	(228)	(718)	(152)	10	
Insurance other *	0	0	0	0	0	0	0	0	0	0	10	
Customer Accounting	0	0	0					0			5	
Rents	0	(5,131)	(5,131)	(2,074)	(767)	(325)	(1,408)	(116)	(364)	(77)	10	
General Office Exp	0	0	0	0	0	0	0	0	0	0	10	
Maint-other	0	0	0	0	0	0	0	0	0	0	10	
Miscellaneous	0	(34,195)	(34,195)	(13,820)	(5,113)	(2,167)	(9,382)	(770)	(2,428)	(514)	10	
SUBTOTAL OPER. & MAIN.		5,751,711	(260,369)	5,491,342	2,605,545	742,474	303,901	1,318,565	108,056	340,636	72,166	
RECONCILIATION				0	0	0	0	0	0	0	0	
TOTAL OPERATION & MAINTENANCE		5,751,711	(260,369)	5,491,342	2,605,545	742,474	303,901	1,318,565	108,056	340,636	72,166	
Depreciation and Amortization		1,760,374	43,115	1,803,489	599,195	221,660	168,166	0	274,408	422,576	117,484	Dep Sch
Taxes other than Income		659,981		659,981	293,077	108,418	97,906	0	33,314	105,017	22,249	9
Income Taxes		1,424,695	(108,237)	1,316,458	584,599	216,260	195,292	0	66,450	209,477	44,380	9
Utility Operating Income		3,769,727	(168,576)	3,601,151	1,599,160	591,577	534,218	0	181,774	573,021	121,400	9
TOTAL REVENUES REQUIRED		13,366,488	(494,067)	12,872,421	5,681,576	1,880,390	1,299,482	1,318,565	664,003	1,650,728	377,678	
Less Special Tariff Revenues				0	0							
DIRECT CUSTOMER REVENUES				12,872,421	5,681,576	1,880,390	1,299,482	1,318,565	664,003	1,650,728	377,678	
Cross check =		12,872,421										
If available insert												
Labor Percentages (Code 11) from utility will affect items followed by *					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Revenue Requirement Allocation"

	Net Cost	Base Cost	Max Day	Max Hour					
Acct. 662 allocated to small mains	194,119	120,274	44,493	29,352					
Small mains with overhead	194,119	120,274	44,493	29,352					
Total Expense less Adm. & General and less Pro Forma Adjustments		1,958,795	498,053	200,323					
% Small Mains to Total Expense		6.14%	8.93%	14.65%					
Small Mains with Adm. & General and Pro Forma Adjustments* Allocated		160,843	66,328	44,529					
Depreciation		146,437	54,379	27,760					
Other Taxes		71,625	26,598	16,162					
Income Taxes		142,870	53,054	32,237	Total				
Utility Operating Income		390,819	145,129	88,185					
TOTAL REVENUES ALLOCATED TO SMALL MAINS		912,594	345,487	208,873	1,466,954				
* excluding Fuel & Power, Chemical and Waste Disposal									
Revenue Requirement from Small Mains	Residential	Commercial	Industrial	Raw Water	Class 7	Class 8	Pub Auth	Sales for Resale	Total
Remove From	788,945	318,361	338,509	21,139	0	0	0	0	1,466,954
Reallocate to Blocks	989,272	395,355	74,827	7,499	0	0	0	0	1,466,954
Net Adjustment	200,327	76,995	(263,682)	(13,640)	0	0	0	0	0

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Customer Group Allocation Factors"

Customer Class	Annual Consumption			% of Ave.	Max Day		% of Ave.	% of Ave.	Max Hour		% of Ave.	Commercial		Equivalent Meters		Equivalent Services	
	Usage	MGD	%		Amt. MGD	Excess MGD			Amt. MGD	Excess MGD		Monthly Bills	%	Monthly No.	%	Monthly No.	%
Residential	2,028,441	4.157	44.51%	250%	10.392	6.235	66.70%	300%	12.471	8.314	46.48%	255,387	92.26%	273,072	77.04%	259,348	89.28%
Commercial	1,006,980	2.064	22.10%	180%	3.715	1.651	17.66%	250%	5.159	3.095	17.31%	20,481	7.40%	66,741	18.83%	29,006	9.99%
Industrial	1,393,632	2.856	30.58%	130%	3.713	0.857	9.16%	150%	4.284	1.428	7.98%	720	0.26%	12,768	3.60%	1,963	0.68%
Other Public Auth.	83,145	0.170	1.82%	140%	0.239	0.068	0.73%	160%	0.273	0.102	0.57%	36	0.01%	1,860	0.52%	180	0.06%
	0	0.000	0.00%	0%	0.000	0.000	0.00%	0%	0.000	0.000	0.00%	0	0.00%	0	0.00%	0	0.00%
	0	0.000	0.00%	0%	0.000	0.000	0.00%	0%	0.000	0.000	0.00%	0	0.00%	0	0.00%	0	0.00%
	0	0.000	0.00%	0%	0.000	0.000	0.00%	0%	0.000	0.000	0.00%	0	0.00%	0	0.00%	0	0.00%
	0	0.000	0.00%	0%	0.000	0.000	0.00%	0%	0.000	0.000	0.00%	0	0.00%	0	0.00%	0	0.00%
SUBTOTAL	4,512,197	9.247	99.01%		18.058	8.811	94.25%		22.186	12.939	72.34%	276,624	99.94%	354,441	100.00%	290,498	100.00%
Fire Prot.	45,122	0.092	0.99%		0.630	0.538	5.75%		5.040	4.948	27.66%	176	0.06%	-----	-----	-----	-----
TOTAL	4,557,319	9.339	100.00%		18.688	9.349	100.00%		27.226	17.887	100.00%	276,800	100.00%	354,441	100.00%	290,498	100.00%

Number of public fire protection bills ignored as immaterial

No services assigned to public fire protection; services considered to be part of hydrants.

No services assigned to private fire protection since customer generally pays for service line.

Fire Protection Consumption set at 1% of other consumption.

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Percent Allocation to Customer Groups"

DESCRIPTION	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER PUBLIC AUTHORITIES					FIRE PROTECTION	TOTAL
Base	44.51%	22.10%	30.58%	1.82%	0.00%	0.00%	0.00%	0.00%	0.99%	100.00%
Maximum Day	66.70%	17.66%	9.16%	0.73%	0.00%	0.00%	0.00%	0.00%	5.75%	100.00%
Maximum Hour	46.48%	17.31%	7.98%	0.57%	0.00%	0.00%	0.00%	0.00%	27.66%	100.00%
Commercial	92.26%	7.40%	0.26%	0.01%	0.00%	0.00%	0.00%	0.00%	0.06%	100.00%
Meters	77.04%	18.83%	3.60%	0.52%	0.00%	0.00%	0.00%	0.00%	-----	100.00%
Services	89.28%	9.99%	0.68%	0.06%	0.00%	0.00%	0.00%	0.00%	-----	100.00%
Fire Service-Hyd	-----	-----	-----	-----	-----	-----	-----	-----	100.00%	100.00%

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Cost Allocation to Customer Groups"

DESCRIPTION	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	OTHER PUBLIC AUTHORITIES					FIRE PROTECTION	TOTAL
Base	2,528,842	1,255,394	1,737,430	103,656	0	0	0	0	56,253	5,681,575
Maximum Day	1,254,170	332,058	172,335	13,709	0	0	0	0	108,118	1,880,389
Maximum Hour	603,995	224,881	103,743	7,427	0	0	0	0	359,436	1,299,482
Commercial	1,216,562	97,563	3,430	171	0	0	0	0	838	1,318,565
Meters	511,568	125,031	23,919	3,484	0	0	0	0	-----	664,003
Services	1,473,723	164,826	11,156	1,023	0	0	0	0	-----	1,650,728
Fire Service-Hyd	-----	-----	-----	-----	-----	-----	-----	-----	377,678	377,678
Adjustments *	(169,207)	(49,047)	(45,753)	(2,887)	0	0	0	0	(16,513)	(283,407)
Small Main Adjustment	200,327	76,995	(263,682)	(13,640)	0	0	0	0		0
TOTAL COST OF SERVICE	7,619,980	2,227,701	1,742,578	112,945	0	0	0	0	885,810	12,589,013
Percent of COSS	60.53%	17.70%	13.84%	0.90%	0.00%	0.00%	0.00%	0.00%	7.04%	100.00%

\* for Other and for Unbilled

Special Tariff Revenues	0
Other Operating Revenues	235,576
Unbilled Revenues	47,831
Total Revenues	12,872,420

**ILLINOIS COMMERCE COMMISSION**  
**Cost of Service Study**  
**Fire Protection Allocation**

FIRE PROTECTION	Equiv. Conn.
Public, monthly	26,412
Private, monthly	279
Total Equiv. Connections	26,691
Total Fire Protection per Cost of Service Study	885,810
Less Billing Costs	838
Less Hydrant Costs	377,678
Total Non-hydrant Fire Protection Costs	507,293
Total Non-hydrant Fire Protection Costs Per Equiv. Connection, monthly	19.01
Public Fire Protection Connection Costs	501,990
Plus Hydrant Costs	377,607
Total Public Fire Protection Costs	879,597
Total Private Fire Protection Connection Costs	5,303
Plus Billing Costs	838
Plus Hydrant Costs	71
Total Private Fire Protection Costs	6,213

Private Fire Protection Rates

Private Fire Prot.	Ratio #	Monthly COSS Rates	Monthly Staff Rates
less than 3"	0.056	5.82	6.00
3	0.162	7.83	8.00
4	0.344	11.31	11.00
6	1.000	23.77	24.00
8	2.131	45.27	45.00
10	3.832	77.60	78.00
12	6.190	122.42	122.00
16	13.192	255.49	255.00

# - ratio based on capacity

Total cost per fire protection customer based on number of Hydrants

ITEM	METER RATIO	SERVICE RESIDENTIAL RATIO	COMMERCIAL	INDUSTRIAL	OTHER PUBLIC AUTHORITIES						TOTAL
METER SIZE											
5/8" disk	1.0	1.0	238,244	11,274	84	-	-	-	-	-	249,602
3/4" disk	1.5	1.1	12,102	534	12	-	-	-	-	-	12,648
1" disk	2.5	1.4	4,012	4,110	71	-	-	-	-	-	8,193
1 1/2" disk	5.0	1.8	585	1,005	72	-	-	-	-	-	1,662
2" disk	8.0	2.5	420	2,712	192	-	-	-	-	-	3,324
3" disk	15.0	3.0	24	582	120	-	-	-	-	-	726
4" disk	25.0	4.0	-	48	36	12	-	-	-	-	96
6" disk	50.0	5.0	-	24	12	12	-	-	-	-	48
8" disk	80.0	6.0	-	-	-	12	-	-	-	-	12
10" disk	115.0	6.5	-	-	-	-	-	-	-	-	-
12" disk	168.0	7.0	-	-	-	-	-	-	-	-	-
3" turbine	17.5	3.0	-	84	12	-	-	-	-	-	96
4" turbine	30.0	4.0	-	72	12	-	-	-	-	-	84
6" turbine	62.5	5.0	-	12	73	-	-	-	-	-	85
8" turbine	90.0	6.0	-	24	24	-	-	-	-	-	48
10" turbine	145.0	6.5	-	-	-	-	-	-	-	-	-
Parallel			-	-	-	-	-	-	-	-	-
Equiv Meters			273,072	66,741	12,768	1,860	0	0	0	0	354,441
Equiv Services			259,348	29,006	1,963	180	-	-	-	-	290,498

Act. No.	Account	Utility Depreciation (C-2.4)	Staff Adjust.	Net Cost	Base Cost	Extra Capacity Max Day	Customer Costs Max Hour	Billing	Meter	Services	Fire Service	Alloc. Code
	INTANGIBLE PLANT	0										
301	Organization	0	0	0	0							1
302	Franchises	0	0	0	0							1
339	Miscellaneous	0	0	0	0							1
	SOURCE OF SUPPLY PLANT	2,728										
303	Land and land rights	0	0	0	0	0	0	0	0	0	0	13
304	Structures and improvements	0	0	0	0	0	0	0	0	0	0	13
305	Collecting reservoirs	0	0	0	0							1
306	Intakes	1,384	0	1,384	1,010	374						2
307	Wells	486	0	486	355	131						2
308	Infiltration Galleries	0	0	0	0	0						2
309	Supply mains	858	0	858	626	232						2
339	Other plant	0	0	0	0	0						2
	PUMPING PLANT	71,031										
303	Land and land rights	0	0	0	0	0	0	0	0	0	0	13
304	Structures and improvements	12,140	0	12,140	7,522	2,783	1,836	0	0	0	0	13
310	Power Generation Equip.	14,541	0	14,541	9,009	3,333	2,199					12
310	Other power production	0	0	0	0	0	0					12
311	Steam pumping	0	0	0	0	0	0					12
311	Electrical Pumping	44,350	0	44,350	27,479	10,165	6,706					12
311	Diesel Pumping	0	0	0	0	0	0					12
339	OtherPlant & Misc. Equip.	0	0	0	0	0	0					12
	WATER TREATMENT PLANT	271,782										
302	Land and land rights	0	0	0	0	0	0	0	0	0	0	13
304	Structures and improvements	124,035	0	124,035	90,541	33,494	0	0	0	0	0	13
320	Water treatment	147,747	0	147,747	107,850	39,897						2
339	Other Plant & Misc. Equip.	0	0	0	0	0						2
	TRANSMISSION/DISTRIBUTION	1,199,032										
303	Land and land rights	0	0	0	0	0	0	0	0	0	0	13
304	Structures and improvements	6,346	0	6,346	1,423	526	705	0	1,244	1,915	533	13
330	Dist. reservoirs and standpipes	67,226	0	67,226			67,226					4
331	Mains	430,841	0	430,841	266,944	98,751	65,146					12
333	Services	359,438	0	359,438						359,438		7
334	Meters	176,157	0	176,157					176,157			6
334	Meter installations	57,251	0	57,251					57,251			6
335	Hydrants	99,930	0	99,930							99,930	8
336	Backflow Prevention Devices	0	0	0						0		7
339	OtherPlant & Misc. Equip.	1,843	0	1,843	413	153	205	0	361	556	155	13
	GENERAL PLANT	269,697										
303	Land and land rights	0	0	0	0	0	0	0	0	0	0	9
304	Structures and improvements <sup>1</sup>	81,900	0	81,900	27,211	10,066	7,637	0	12,461	19,190	5,335	9
340	Office furniture	38,804	0	38,804	12,892	4,769	3,618	0	5,904	9,092	2,528	9
341	Transportation Equipment	68,515	0	68,515	22,764	8,421	6,389	0	10,425	16,054	4,463	9
342	Stores Equipment	28	0	28	9	3	3	0	4	7	2	9
343	Tools, Shop, and Garage Equipment	28,268	0	28,268	9,392	3,474	2,636	0	4,301	6,623	1,841	9
344	Laboratory Equipment	4,725	0	4,725	1,570	581	441	0	719	1,107	308	9
345	Power operated Equipment	11,474	0	11,474	3,812	1,410	1,070	0	1,746	2,688	747	9
346	Communications Equipment	35,526	0	35,526	11,803	4,366	3,313	0	5,405	8,324	2,314	9
347	Miscellaneous Equipment	474	0	474	157	58	44	0	72	111	31	9
348	Other Tangible Plant	(17)	0	(17)	(6)	(2)	(2)	0	(3)	(4)	(1)	9
399	RECONCILIATION	0	0	0	0	0	0	0	0	0	0	9
	TOTAL DEPRECIATION	1,814,270	0	1,814,270	602,364	222,832	168,966	0	275,687	424,546	118,031	
	Allocation Code 9 Calculation	Cross check =		1,812,427	33.22%	12.29%	9.32%	0.00%	15.22%	23.43%	6.51%	100.00%

<sup>1</sup>Includes Corporate depreciation



CONSUMERS ILLINOIS WATER COMPANY  
Staff Cost of Service Study  
Explanation of Allocation Codes

- 1 This code refers to allocations made 100 percent to Base Cost. Base Costs are costs which tend to vary with the quantity of water used and do not contain elements necessary to meet variations in demand.
- 2 This code refers to allocations divided between Base Cost and Extra Capacity Cost on the ratio of the average annual consumption per day to the maximum consumption on the Maximum Day. Extra Capacity costs are those costs associated with meeting rate of use requirements in excess of the average.
- 3 This code refers to allocations divided between Base Cost and Extra Capacity Cost on the ratio of the average annual consumption per day to the maximum hourly consumption.
- 4 This code refers to allocations made 100 percent to Extra Capacity - Maximum Hour.
- 5 This code refers to allocations made 100 percent to commercial costs associated with serving customers irrespective to the amount of water used or the maximum demand. They include meter reading, billing, customer accounting and collection expenses.
- 6 This code refers to allocations made 100 percent to maintenance and capital charges on customer meters.
- 7 This code refers to allocations made 100 percent to maintenance and capital charges on customer services.
- 8 This code refers to allocations made 100 percent to Fire Protection - Hydrants.
- 9 This code refers to allocations divided among various cost functions in the same ratio as the average allocation of plant in service as developed and shown on page 6 of 18 of this Schedule.

CONSUMERS ILLINOIS WATER COMPANY  
Staff Cost of Service Study  
Explanation of Allocation Codes

- 10 This code refers to allocations divided among various cost functions in the same ratio as the average allocation of operating and maintenance expenses has been allocated before administrative and general expenses and without considering fuel, power and chemical costs.
- 11 This code refers to allocations divided among various cost functions in the same ratio as the average allocation of labor costs if available or on the basis of Allocation Code 10 if not.
- 12 This code refers to allocations divided among Base Cost, Extra Capacity - Maximum Day and Extra Capacity - Maximum Hour.
- 13 This code refers to allocations divided among various cost functions in the same percentage ratio as the average of all items in that subgroup.

**CONSUMERS ILLINOIS WATER COMPANY  
TYPICAL RESIDENTIAL BILL COMPARISON (5/8 INCH METER)**

**KANKAKEE WATER DIVISION**

	CURRENT	COMPANY PROPOSED	STAFF PROPOSED
FACILITIES CHARGE	\$ 10.50	\$ 13.60	\$ 12.32
USAGE CHARGE (CCF)	\$ 1.7500	\$ 2.2670	\$ 2.1816
FIRE SURCHARGE	\$ 2.41	\$ 3.12	\$ 2.50

LINE NO.	USAGE 100'S CU. FT.	USAGE IN GALLONS	CURRENT MONTHLY BILL	COMPANY PROPOSED MONTHLY BILL	DOLLAR INCREASE	PERCENT INCREASE	STAFF PROPOSED MONTHLY BILL	DOLLAR INCREASE	PERCENT INCREASE
1	1	748	\$14.66	\$18.99	\$4.33	29.54%	\$17.00	\$2.34	16.0%
2	2	1,496	\$16.41	\$21.25	\$4.84	29.49%	\$19.18	\$2.77	16.9%
3	3	2,244	\$18.16	\$23.52	\$5.36	29.52%	\$21.36	\$3.20	17.6%
4	4	2,992	\$19.91	\$25.79	\$5.88	29.53%	\$23.55	\$3.64	18.3%
5	5	3,740	\$21.66	\$28.06	\$6.40	29.55%	\$25.73	\$4.07	18.8%
6	6	4,488	\$23.41	\$30.32	\$6.91	29.52%	\$27.91	\$4.50	19.2%
7	7	5,236	\$25.16	\$32.59	\$7.43	29.53%	\$30.09	\$4.93	19.6%
<b>8**</b>	<b>8</b>	<b>5,984</b>	<b>\$26.91</b>	<b>\$34.86</b>	<b>\$7.95</b>	<b>29.54%</b>	<b>\$32.27</b>	<b>\$5.36</b>	<b>19.9%</b>
9	9	6,732	\$28.66	\$37.12	\$8.46	29.52%	\$34.45	\$5.79	20.2%
10	10	7,480	\$30.41	\$39.39	\$8.98	29.53%	\$36.64	\$6.23	20.5%

**Notes:**

**\*\* Typical monthly residential usage**

ITEM	PRESENT RATES	PROPOSED RATES	STAFF RATES	RESIDENTIAL		COMMERCIAL		INDUSTRIAL		PUBLIC AUTHORITIES										TOTAL	
				E-4	ADJUST.	E-4	ADJUST.	E-4	ADJUST.	ML-14	ADJUST.										
CUS CHARGES, MONTHLY																					
5/8" disk	10.50	13.60	12.32	238,244	0	11,274	0	84	0	0	0	0	0	0	0	0	0	0	0	249,602	
3/4" disk	13.50	17.49	16.10	12,102	0	534	0	12	0	0	0	0	0	0	0	0	0	0	0	12,648	
1" disk	20.50	26.55	23.65	4,012	0	4,110	0	71	0	0	0	0	0	0	0	0	0	0	0	8,193	
1 1/2" disk	40.00	51.81	42.54	585	0	1,005	0	72	0	0	0	0	0	0	0	0	0	0	0	1,662	
2" disk	60.00	77.72	65.21	420	0	2,712	0	192	0	0	0	0	0	0	0	0	0	0	0	3,324	
3" disk	109.00	141.20	118.10	24	0	582	0	120	0	0	0	0	0	0	0	0	0	0	0	726	
4" disk	178.00	230.59	199.72	0	0	48	0	36	0	12	0	0	0	0	0	0	0	0	0	96	
6" disk	355.00	459.88	388.61	0	0	24	0	12	0	12	0	0	0	0	0	0	0	0	0	48	
8" disk	565.00	731.93	615.29	0	0	0	0	0	0	12	0	0	0	0	0	0	0	0	0	12	
10" disk	810.00	1,049.31	879.74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12" disk	1,200.00	1,554.54	1,280.20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3" turbine	126.00	163.23	136.99	0	0	84	0	12	0	0	0	0	0	0	0	0	0	0	0	96	
4" turbine	210.00	272.04	237.50	0	0	72	0	12	0	0	0	0	0	0	0	0	0	0	0	84	
6" turbine	440.00	570.00	483.06	0	0	12	0	73	0	0	0	0	0	0	0	0	0	0	0	85	
8" turbine	633.00	820.02	690.85	0	0	24	0	24	0	0	0	0	0	0	0	0	0	0	0	48	
10" turbine	1,020.00	1,321.36	1,106.41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Remove Parallel Meters	-	-	-	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Bills				255,387	0	20,481	0	720	0	36	0	0	0	0	0	0	0	0	0	276,624	
TOTAL CUS CHARGE REVENUES					6.06	373															
Present				2,798,401	0	539,439	0	91,992	0	13,176	0	0	0	0	0	0	0	0	0	3,443,008	
Proposed				3,624,641	0	698,735	0	119,167	0	17,069	0	0	0	0	0	0	0	0	0	4,459,612	
Staff				3,279,838	0	602,935	0	100,854	0	14,443	0	0	0	0	0	0	0	0	0	3,998,070	
USAGE CHARGES		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)		(100 cubic feet)	
First Block, 1-30	ML-14	1.7500	2.2670	2.2670	1,901,224	0	265,097	0	15,229	0	1,151	0	0	0	0	0	0	0	0	2,182,701	
Second Block, 31-500	ML-14	1.0800	1.3990	1.3990	127,039	0	545,484	0	138,185	0	14,225	0	0	0	0	0	0	0	0	824,933	
Third Block, 501+	ML-14	0.8230	1.0660	1.0660	177	0	196,399	0	1,240,217	0	67,770	0	0	0	0	0	0	0	0	1,504,563	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			

ILLINOIS COMMERCE COMMISSION  
Cost of Service Study  
"Revenues at Present and Proposed Rates"

ITEM		RESIDENTIAL		COMMERCIAL		INDUSTRIAL		PUBLIC AUTHORITIES										TOTAL	
		BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.	BILL ANA.	ADJUST.				
USAGE CHARGE REVENUES	Present	3,464,491	0	1,214,678	0	1,196,590	0	73,151	0	0	0	0	0	0	0	0	0	5,948,910	
	Proposed	4,487,992	0	1,573,468	0	1,549,918	0	94,751	0	0	0	0	0	0	0	0	0	7,706,129	
	Staff	4,487,992	0	1,573,468	0	1,549,918	0	94,751	0	0	0	0	0	0	0	0	0	7,706,129	
OTHER ADJUSTMENTS Reconciliation	Present	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Proposed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Staff	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL METERED REVENUES	Present	6,262,892	0	1,754,117	0	1,288,582	0	86,327	0	0	0	0	0	0	0	0	0	9,391,917	
	Proposed	8,112,633	0	2,272,202	0	1,669,085	0	111,820	0	0	0	0	0	0	0	0	0	12,165,741	
	Staff	7,767,830	0	2,176,403	0	1,650,771	0	109,195	0	0	0	0	0	0	0	0	0	11,704,199	
PVT. FIRE PROT RATES, MONTHLY										PRIVATE									
Size Connection	Less than 3"	3"	4"	6"	8"	10"	12"	16"	HYDRANTS										
Present	6.00	7.00	10.00	19.00	36.00	61.00	95.00	198.00	15.80										
Proposed	7.78	9.08	12.97	24.64	46.68	79.10	123.19	256.76	20.49										
Per Cost of Service Study	6.00	8.00	11.00	24.00	45.00	78.00	122.00	255.00	14.30										
Staff	6.00	8.00	11.00	24.00	45.00	78.00	122.00	255.00	14.30										
Units (ANNUAL)	12	0	16	64	72	8	4	0	5										
NON-METERED REVENUES		PVT. FIRE		PUBLIC FIRE		OTHER		VARIABLE		TOTAL									
				MUNICIPAL	SURCHARGE	TOTAL	OPERATING		REVENUES		NON-METERED								
Present	4,987	0		754,621	754,621	83,172		38,570		881,350									
Proposed	6,467	0		1,031,683	1,031,683	83,172		38,570		1,159,892									
Staff	6,207	0		878,602	878,602	235,576		47,831		1,168,217									
TOTAL REVENUES	RESIDENTIAL	COMMERCIAL	INDUSTRIAL		PUB. AUTH.										NON-METERED		TOTAL		
Present	6,262,892	1,754,117	1,288,582		86,327		0		0		0		0		881,350		10,273,267		
Proposed	8,112,633	2,272,202	1,669,085		111,820		0		0		0		0		1,159,892		13,325,633		
Staff	7,767,830	2,176,403	1,650,771		109,195		0		0		0		0		1,168,217		12,872,415		
PER STAFF	RESIDENTIAL	COMMERCIAL	INDUSTRIAL		PUB. AUTH.										PUB. FIRE		PVT FIRE		
Cost of Service	7,619,980	2,227,701	1,742,578		112,945		0		0		0		0		879,597		6,213		
Percent Increase	24.0	24.1	28.1		26.5		0.0		0.0		0.0		0.0		16.4		24.5		
Percent Cost of Service	101.9	97.7	94.7		96.7		0.0		0.0		0.0		0.0		99.9		99.9		

**CONSUMERS ILLINOIS WATER COMPANY  
TYPICAL RESIDENTIAL BILL COMPARISON (5/8 INCH METER)**

**KANKAKEE WATER DIVISION**

		COMPANY	STAFF
		CURRENT	PROPOSED (Alternative)
FACILITIES CHARGE	\$	10.50	13.60
USAGE CHARGE (CCF)	\$	1.7500	2.2670
FIRE SURCHARGE	\$	2.41	3.12
			2.50

LINE NO.	USAGE 100'S CU. FT.	USAGE IN GALLONS	CURRENT MONTHLY BILL	COMPANY PROPOSED MONTHLY BILL	DOLLAR INCREASE	PERCENT INCREASE	STAFF Alternative MONTHLY BILL	DOLLAR INCREASE	PERCENT INCREASE
1	1	748	\$14.66	\$18.99	\$4.33	29.54%	\$17.09	\$2.43	16.6%
2	2	1,496	\$16.41	\$21.25	\$4.84	29.49%	\$19.35	\$2.94	17.9%
3	3	2,244	\$18.16	\$23.52	\$5.36	29.52%	\$21.62	\$3.46	19.1%
4	4	2,992	\$19.91	\$25.79	\$5.88	29.53%	\$23.89	\$3.98	20.0%
5	5	3,740	\$21.66	\$28.06	\$6.40	29.55%	\$26.15	\$4.49	20.7%
6	6	4,488	\$23.41	\$30.32	\$6.91	29.52%	\$28.42	\$5.01	21.4%
7	7	5,236	\$25.16	\$32.59	\$7.43	29.53%	\$30.69	\$5.53	22.0%
8**	8	5,984	\$26.91	\$34.86	\$7.95	29.54%	\$32.96	\$6.05	22.5%
9	9	6,732	\$28.66	\$37.12	\$8.46	29.52%	\$35.22	\$6.56	22.9%
10	10	7,480	\$30.41	\$39.39	\$8.98	29.53%	\$37.49	\$7.08	23.3%

**Notes:**

**\*\* Typical monthly residential usage**

**Industrial:**

	Present Rates	Company Proposed Rates	Staff (Alternative)
3-inch meter customer charge, per mor	\$ 109.00	\$ 141.20	\$ 118.10
1st 30 CCF, per CCF	\$ 1.7500	\$ 2.2670	\$ 2.2670
2nd 470 CCF, per CCF	\$ 1.0800	\$ 1.3990	\$ 1.3990
3rd usage block, 501 + CCF	\$ 0.8230	\$ 1.0660	\$ 1.0660
Fire Protection per month	\$ 12.05	\$ 15.62	\$ 12.50

LINE NO.	USAGE 100'S CU. FT.	USAGE IN GALLONS	CURRENT MONTHLY BILL	COMPANY PROPOSED MONTHLY BILL	DOLLAR INCREASE	PERCENT INCREASE	STAFF Alternative MONTHLY BILL	DOLLAR INCREASE	PERCENT INCREASE
1	968	724,064	\$1,066.31	\$1,381.25	\$314.94	29.54%	\$1,355.03	\$288.72	27.1%
2	1,936	1,448,128	\$1,862.98	\$2,413.14	\$550.16	29.53%	\$2,386.92	\$523.94	28.1%
3	3,872	2,896,256	\$3,456.31	\$4,476.91	\$1,020.60	29.53%	\$4,450.69	\$994.38	28.8%